



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

DOCKET ITEM: A-01	BOARD MEETING: August 25, 2015	PROJECT NUMBER: 12-008
PERMIT HOLDERS(S): DaVita Healthcare Partners, Inc., Total Renal Care, Inc.		
FACILITY NAME and LOCATION: Stony Island Dialysis, Chicago		

STATE BOARD STAFF REPORT PERMIT RENEWAL REQUEST

I. Background

On July 24, 2012, the State Board approved Project #12-008. The permit authorized the addition of 8 ESRD stations to Stony Island Dialysis, an existing 24 station ESRD facility in Chicago. The State Agency notes the project is obligated, and the original project completion date was December 31, 2013. Project cost: \$3,315,506.

State Board Staff notes this **third** permit renewal request was submitted on June 23, 2015. This submittal was **not** in accordance with 77 IAC 1130.740(d), which states that renewal requests must be received by the State Agency at least 45 days prior to the permit expiration date. A \$500.00 permit renewal fee, and an additional \$500.00 late fee, accompanied the renewal request. The permit holders were approved for the first permit renewal on November 20, 2013, extending the project completion date 12 months, to December 31, 2014. The second permit renewal was approved by the Illinois Health Facilities and Services Review Board on November 11, 2014. This renewal allotted six month additional months to the timeline, extending the project completion date to June 30, 2015. This third permit renewal request asks for six additional months, extending the project completion date to **December 31, 2015**.

II. Findings

State Board Staff notes this is the third renewal request for this project and it appears the permit holders have submitted all of the information required in Section 1130.740 for a permit renewal.

III. The Permit Renewal Request

- A. **Requested Completion Date:** The permit holders request a project completion date of December 31, 2015. This would extend the project’s completion date by six months, from June 30, 2015 to December 31, 2015.
- B. **Status of the Project and Components Yet to be Finished:** The permit holders state the construction portion of the project was completed in December 2014. The permit holders note the Medicare certification inspection for the eight additional stations remains to be completed, and is the reason for the third permit renewal.
- C. **Reason(s) Why the Project Has Not Been Completed:** The permit holders’ state the following events occurred, which delayed completion of the project:
 - The permit holders state delays in the securing of permits from the City of Chicago, which in turn delayed commencement of the construction phase, accounts for the need to request additional time for this project.
- D. **Evidence of Financial Commitment to Fund the Project:** The permit holders indicate \$3,014,089 (90.9% of the total project cost), has been expended to date and the existence of sufficient financial resources to complete the proposed transaction.
- E. **Anticipated Final Cost of the Project:** The permit holders estimate the project will not deviate from the originally approved permit amount of \$3,315,506.

IV. Project Description & Other Background Information

The permit authorized the addition of 8 ESRD stations to Stony Island Dialysis, an existing 24 station ESRD facility in Chicago. Project cost: \$3,315,506.

Permit Issuance Date:	July 24, 2012
Original Project Completion Date:	December 31, 2013
Project Obligation Date:	November 9, 2012
Original Project Completion Date:	December 31, 2013
Proposed Project Completion Date: (1 st renewal, 12-month renewal request)	December 31, 2014
Proposed Project Completion Date: (2 nd renewal, 6-month renewal request)	June 30, 2015

Proposed Project Completion Date: December 31, 2015
(3rd renewal, 6-month renewal request)

V. Applicable Rules for Permit Renewal Requests

77 IAC 1130.740 specifies that a permit holder may request a change in the approved project completion date by applying for a permit renewal.

77 IAC 1130.740(b) states that failure to complete a project or to renew a permit within the prescribed timeframes will subject the permit holders to the sanctions and penalties provided in the Act and this Subpart.

77 IAC 1130.740(c) states that a permit renewal will commence on the expiration date of the original or renewed completion period.

77 IAC 1130.740(d) states that the State Board must be in receipt of a permit renewal request at least 45 days prior to the expiration date of the completion period, and include the following: 1) the requested completion date; 2) a status report on the project detailing what percent has been completed and a summary of project components yet to be finished and the amount of funds expended on the project to date; 3) a statement as to the reasons why the project has not been completed; and 4) confirmatory evidence by the permit holders' authorized representative that the project's costs and scope are in compliance with what the State Board approved and that sufficient financial resources are available to complete the project.

77 IAC 1130.740(e) states IDPH will review the request and prepare a report of its findings. If the findings are that the request is in conformance with all HFPB criteria, and if this is the first request for this project, then the request, IDPH's findings, and all related documentation shall be sent to the Chairman. The Chairman, acting on behalf of HFPB, will approve, deny or refer the request to the HFPB for action. If IDPH finds that all criteria are not positive or, if this is not the first request for this project, or if the Chairman refers this to HFPB for action, then HFPB will evaluate the information submitted to determine if the project has proceeded with due diligence (as defined in 77 IAC 1130.140). Denial of a permit renewal request constitutes HFPB's Notice of Intent to revoke a permit and the permit holders will be afforded an opportunity for an administrative hearing.

VI. Other Information

Appended to this report are the following: the permit holders' documents for a permit renewal.

RECEIVED

JUN 23 2015

HEALTH FACILITIES &
SERVICES REVIEW BOARD

FEDERAL EXPRESS

Ms. Kathryn J. Olson
Chair
Illinois Health Facilities and Services Review
Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Permit Renewal Request – Stony Island Dialysis (Proj. No. 12-008)

Dear Ms. Olson:

I am writing on behalf of DaVita HealthCare Partners Inc. and Total Renal Care, Inc. (collectively, “DaVita”) to request a six month extension of the completion date for Project No. 12-008 (Stony Island Dialysis). On July 24, 2012, the Illinois Health Facilities and Services Review Board (“HFSRB”) approved DaVita’s certificate of need application for the expansion of Stony Island Dialysis (the “Project”). Due to delays in obtaining a building permit and site storm drain permit from the City of Chicago, construction did not commence as originally anticipated. Once all of the permits were in place, construction began. While construction was complete in December 2014, DaVita has yet to obtain Medicare certification of the 8 additional stations. Accordingly, DaVita respectfully requests a six month renewal of the Project permit and a new project completion date of December 31, 2015.

1. Requested Project Completion Date

DaVita requests the HFSRB grant a six month renewal of the Project permit and establish December 31, 2015 as the new project completion date.

2. Status of the Project

The Project was obligated on November 9, 2012, through the execution of an amendment of a lease to expand the dialysis facility. Due to delays in obtaining permits from the City of Chicago, construction did not commence when anticipated. DaVita received its building construction permit from the City of Chicago on September 23, 2013 and still had to wait for the site storm drainage permit. Construction began in November 2013 and was complete in December 2014. Based on experience, DaVita typically anticipates it may take four to six months for Medicare certification of the additional stations. However, since approximately six months have already passed from the completion of construction, to allow sufficient time to complete the Project, DaVita requests another six month renewal of the Project permit.

To date, DaVita has expended \$3,014,089 on the Project.

3. Statement Regarding Completion of the Project

The primary reason, the Project may not be complete by June 30, 2015 is due to delays in obtaining Medicare Certification of the additional 8 stations. Construction of the facility has been complete since December 2014. To ensure adequate time to allow for Medicare survey and certification, DaVita respectfully requests an additional six month renewal of the Project permit.

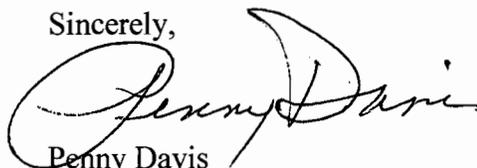
4. Confirmatory Evidence of Project Compliance

I hereby certify, pursuant to 77 Ill. Admin. Code §1130.740, DaVita's compliance with the scope and costs of the project approved by the HFSRB pursuant to Project Permit #12-008.

Based on the above information, which is provided to the HFSRB in compliance with Section 1130.740 of the Illinois Administrative Code, DaVita formally requests another six month renewal of its permit for Project #12-008 and a new project completion date of December 31, 2015.

If you need any additional information or have any questions regarding the status of the project, please feel free to contact me.

Sincerely,



Penny Davis
Division Vice President
DaVita HealthCare Partners Inc



SUBSCRIBED AND SWORN
to before me this 22 day of
June, 2015



My commission expires: 6-11-17

cc: Michael Constantino
Ronny Philip

Davita DATE: 16-Jun-15

VENDOR NAME: ILLINOIS DEPARTMENT OF

NO. 6043689

INVOICE NUMBER	INVOICE DATE	DESCRIPTION	FACILITY	DISCOUNT AMOUNT	NET AMOUNT
IL5579060815	06/05/2015	DAVITA	05579	\$0.00	\$1,000.00
PLEASE DETACH AND RETAIN THIS STATEMENT AS YOUR RECORD OF PAYMENT				\$0.00	\$1,000.00

▼ DETACH CHECK ALONG PERFORATION ▼

▼ DETACH CHECK ALONG PERFORATION ▼

<i>Davita</i> -	TOTAL RENAL CARE, INC. A SUBSIDIARY OF DAVITA P.O. Box 2037 Tacoma, WA 98401-2037	62-35 311	BNY MELLON TRUST OF DELAWARE	6043689				
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CHECK DATE	CHECK NUMBER	PAY THIS AMOUNT						
16-Jun-15	6043689	\$1,000.00						

PAY One Thousand Dollars And Zero Cents*****

TO THE ORDER OF ILLINOIS DEPARTMENT OF PUBLIC HEALTH
525 W JEFFERSON STREET
SPRINGFIELD, IL 62761

12-008 Stony Island Dialysis

KDJ

DOCUMENT CONTAINS MULTI-COLORED PANTOGRAPH & MICROPRINTING. BACK HAS THERMOCHROMIC INK & A WATERMARK. HOLD AT AN ANGLE TO VIEW. VOID IF NOT PRESENT.

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Davita

TOTAL RENAL CARE, INC.
A SUBSIDIARY OF DAVITA INC.
P.O. BOX 2037 • TACOMA, WA 98401-2037

OVERNIGHT*

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ILLINOIS DEPARTMENT OF PUBLIC HEALTH
525 W JEFFERSON STREET
SPRINGFIELD, IL 62761